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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

**In re:**

**SEARS HOLDINGS CORPORATION, et al.**

**Debtors<sup>1</sup>**

)  
)  
)  
) Chapter 11  
)  
) Case No. 18-23538 (RDD)  
) Jointly Administered

**RESERVATION OF RIGHTS OF WINNERS INDUSTRY CO., LTD.**

<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are as follows: Sears Holdings Corporation (0798); Kmart Holding Corporation (3116); Kmart Operations LLC (6546); Sears Operations LLC (4331); Sears, Roebuck and Co. (0680); ServiceLive Inc. (6774); SHC Licensed Business LLC (3718); A&E Factory Service, LLC (6695); A&E Home Delivery, LLC (0205); A&E Lawn & Garden, LLC (5028); A&E Signature Service, LLC (0204); FBA Holdings Inc. (6537); Innovel Solutions, Inc. (7180); Kmart Corporation (9500); MaxServ, Inc. (7626); Private Brands, Ltd. (4022); Sears Development Co. (6028); Sears Holdings Management Corporation (2148); Sears Home & Business Franchises, Inc. (6742); Sears Home Improvement Products, Inc. (8591); Sears Insurance Services, L.L.C. (7182); Sears Procurement Services, Inc. (2859); Sears Protection Company (1250); Sears Protection Company (PR) Inc. (4861); Sears Roebuck Acceptance Corp. (0535); Sears, Roebuck de Puerto Rico, Inc. (3626); SYW Relay LLC (1870); Wally Labs LLC (None); SHC Promotions LLC (9626); Big Beaver of Florida Development, LLC (None); California Builder Appliances, Inc. (6327); Florida Builder Appliances, Inc. (9133); KBL Holding Inc. (1295); KLC, Inc. (0839); Kmart of Michigan, Inc. (1696); Kmart of Washington LLC (8898); Kmart Stores of Illinois LLC (8897); Kmart Stores of Texas LLC (8915); MyGofer LLC (5531); Sears Brands Business Unit Corporation (4658); Sears Holdings Publishing Company, LLC. (5554); Sears Protection Company (Florida), L.L.C. (4239); SHC Desert Springs, LLC (None); SOE, Inc. (9616); StarWest, LLC (5379); STI Merchandising, Inc. (0188); Troy Coolidge No. 13, LLC (None); BlueLight.com, Inc. (7034); Sears Brands, L.L.C. (4664); Sears Buying Services, Inc. (6533); Kmart.com LLC (9022); and Sears Brands Management Corporation (5365). The location of the Debtors' corporate headquarters is 3333 Beverly Road, Hoffman Estates, Illinois 60179.

Winners Industry Co., Ltd. (“Winners”) hereby reserves all of Winners’ rights with respect to *Debtors’ Objection to Winners Industry Co., Ltd.’s Motion for Allowance and Payment of Administrative Claim* (Dkt. No. 2839) (the “Objection”) to the *Motion of Winners Industry Co., Ltd. for Allowance and Payment of Administrative Expense Claims* (Dkt. No. 1386) (the “Motion”), and respectfully represents as follows:

### **RESERVATION OF RIGHTS**

1. Winners, a Chinese vendor, was among the Debtors’ largest suppliers of artificial Christmas trees and wreaths. During the 2018 season, Winners sold goods on credit to the Debtors (specifically, Kmart Corporation and Sears, Roebuck and Co.) via 21 separate shipments. The goods were shipped from China by common carrier for physical delivery to the Debtors in the United States. For certain shipments, the Debtors took physical possession of the goods within twenty days prior to the Petition Date, while for other shipments the Debtors took physical possession of the goods following the Petition Date. To date, Winners has not received payment for any of those goods.

2. On December 21, 2018, Winners filed the Motion requesting, among other things, allowance of administrative expense claims under both section 503(b)(1)(A) and section 503(b)(9). The Motion was originally set for hearing on January 18, 2019.

3. At the request of the Debtors, Winners twice agreed to adjourn the hearing on the Motion—first to the February 14, 2019 omnibus hearing, and then again to the March 21, 2019 omnibus hearing.

4. On February 22, 2019, the Court entered the *Order (I) Establishing Deadline To File Proofs Of Claim And Procedures Relating Thereto, (II) Approving The Form And Manner Of Notice Thereof, (III) Approving Procedures For The Resolution Of Claims Asserted Pursuant*

*To 11 U.S.C. § 503(B)(9), And (IV) Prohibiting Vendors From Pursuing Such Claims Outside The Procedures* (Dkt. No. 2676) (“Bar Date Order”), which establishes 503(b)(9) Claim Procedures for the resolution, allowance, and satisfaction of 503(b)(9) Claims against the Debtors.

5. As Winners advised the Debtors last week, Winners’ request for allowance and payment of section 503(b)(9) claims set forth in the Motion is, pursuant to the Bar Date Order, governed by the Court’s 503(b)(9) Claim Procedures set forth therein. As Winners further advised the Debtors last week, it concurred that the Court’s 503(b)(9) Claim Procedures adjourned the March 21, 2019 hearing on the Motion with respect to Winners’ request for allowance and payment of section 503(b)(9) claims.

6. On March 15, 2019, the Debtors filed the Objection to the Motion, which addresses Winners’ request for allowance and payment of Winners’ section 503(b)(1)(A) administrative expense claims asserted therein.

7. The Debtors and Winners have agreed to adjourn the March 21, 2019 hearing on the Motion with respect to Winners’ section 503(b)(1)(A) administrative expense claims until the April 18, 2019 omnibus hearing. The March 21, 2019 hearing agenda should reflect the Motion as carried solely for docket purposes.

8. In the interim, Winners reserves all rights with respect to the Objection to the Motion, including without limitation:

- The right to file a reply to the Objection in support of the Motion in accordance with the *Amended Order Implementing Certain Notice and Case Management Procedures* (Dkt. No. 405) (“Case Management Order”);
- The right to take discovery or file any motion or take any other action in accordance with Rule 9014 of the Federal Rules of Bankruptcy Procedure (including the Part VII rules incorporated therein); and

- The right to request an evidentiary or other adjudicatory hearing in accordance with the Case Management Order, the Bankruptcy Rules or the Bankruptcy Code.

Dated: March 19, 2019

Respectfully submitted,

/s/ H. Jeffrey Schwartz

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